

ENERGY EFFICIENCY AND RESOURCE MANGEMENT COUNCIL

Minutes-March 10, 2011

Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order by Chairman Ryan at 3:35 PM

Members Present: Paul Ryan, Joe Newsome, Marion Gold, Christopher Powell, Joe Cirillo, Dan Justynski and Abigail Anthony.

Consultants Present: Elizabeth Chant, Scudder Parker and Mike Guerard

Staff Present: Lewis Babbit, Charles Hawkins, Julie Capabianco and Toni Molinari

Others Present: Thomas Teehan, Rachel Henschel, Jeremy Newberger, Katie O'Rourke, Dave Legg, Diana Duffy, Domenic Musco, Peter Asen, Maura Sayre, Dennis McCarthy, Josh Croft, Ed Schmidt and Seth Handy.

Acceptance of Minutes: Paul Ryan made a motion to accept the February minutes. It was seconded by Marion G. and passed unanimously.

VEIC/Optimal Presentation on Low Income Best Practices

Elizabeth Chant, who has worked on low income issues for 15 years was introduced. RI's poverty ranking is 11.5% which is below the US average of 14.3% which puts RI 38th in the country. 38% of LIHEAP households are owner occupied compared to 60% in the rest of the state. 129,000 in RI are eligible for LIHEAP.

RI WAP gets \$1M in base funding and received \$20M in ARRA funds of which \$6M went to RI Housing for multi-family units. USDOE has been pushing WAP in multi-unit housing. RI has been recognized for low income multi-unit best practices by the National Housing Trust and Enterprise Community Foundation for the \$6M in ARRA funding that was transferred to RI Housing.

The first rule of low income best practices is to have a well designed goal and know who you are trying to serve. Active outreach is important with consistent eligibility requirements that can get you to your goal. Results based incentives encourage innovations. Cost effectiveness helps maximize benefits per participant. Participant education and engagement is another best practice. Leveraging and pulling in multiple resources adds bang to the buck.

Three examples of best practices are:

- The RI AMP, which began in 1995, was cited because of its education component that engages clients in energy usage. It is a**

partnership between NGrid, the OER and the Community Action Programs (CAPs).

- NJ Comforts was established in 2001. It engages multiple utilities and is a cost sharing agreement with low income clients, similar to a PIPP. It targets high energy burdens and uses a whole house approach. It also offers a one time elimination of arrearages.
- Efficiency Vermont packages gas & electric EE to provide one stop, fuel blind service which started with funding from Rebuild America.

Going forward it is important to create partnerships and bring in the voices of the low income community. Integration of low income programs is also important.

A question was asked about base WAP funding going forward. The President has proposed a \$320M WAP budget which disappointed many advocates. With the loss of ARRA WAP many states will experience deep cuts in WAP.

Chris P. asked if there was a way, with today's technology, to reach more of the 129,000 RI LIHEAP clients with EE. Is there a simpler way to get to more people? Eliz C. said you have to look at energy burden. What percent of income goes to pay energy? Identify those most in need and prioritize. Who is in arrearage?

Chris P. does not see a solution to manage WAP long term. Eliz. C. cited neighborhood initiatives to increase engagement. Rachel H. of

NGrid mentioned the company initiatives in the hard to reach segment and next month they will give an update on their community activity on Aquidneck Island.

Joe N. wanted to know about the PIPP in NJ and the political support for such programs. Eliz C. said there has been little push back and if the PIPP is done right support builds in. Joe N. asked who made up the difference. It is usually utility supported not tax payer. Paul R. asked if some one whose income was \$25,000 would get more subsidy than one making \$11,000 under this plan. Chris P. sees this as a focused approach that goes after the worst case scenarios. He likes a hybrid approach that goes after those most in need and then find some way to also get to the other 129,000. Paul R. felt that this was an issue that needs to be a Council focus. Joe N. senses that this population is losing ground because of increased energy burden driven by high prices. He felt the Council needed a framework to look at the problem and take concrete steps. Scudder P. offered to study this issue further. Paul R. suggested making a motion in this regard.

Joe N. made the following motion: the EERMC instructs the VEIC consultant team to bring specific proposals for strengthening low income energy efficiency services in Rhode Island, for further deliberations and decision making by the council. It was seconded by Abigail A. and passed unanimously.

Paul R. then introduced Diana Duffy from the NGrid Low Income

Program. Participation has increased from 1388 customers in 2008 to 1777 in 2010; with a target of 1945 in 2011. Of these 1800 will be electric EE (AMP) and the rest are gas EE. Diana D. wanted to acknowledge the work of the OER's Julie Capobianco and NGrid's Dave Legg for promoting the education component of the AMP. She said that OER is the glue between the funding and the seven CAPs administering the program. ARRA WAP has put huge demand on these CAPs but they still exceeded their goals.

Marion G. asked how the goals are set. It is based on funds available and how the CAPs leverage it. Lewis Babbitt said a goal of the CAP when interviewing a client is to ask if their home can be weatherized.

Executive Director's Report

With Ken P speaking in Boston, at the NESEA Conference, Lewis B. was introduced to give a LIHEAP update. Right now the OER is experiencing increase demand in some CAPs. This is combined with increased prices that are putting a strain on the CAPs. Along with this the OER is facing the potential of decreased funding, with the President's proposed budget for 2012 calling for cuts. Contingency funds also dropped this year.

Long term the OER may need to lower income guidelines or reduce the primary grant to counteract federal funding cuts. However, most

LIHEAP clients are already well below the poverty level. Lewis B. said that the short term CRs that have been passed in DC make it difficult to plan. Most of the remaining LIHEAP funding for the current year will go to crisis assistance. Paul R. wanted to commend OER staff for their efforts.

OLD BUSINESS

A Discussion of Docket-10-126 (Portsmouth Net Metering)

Paul R. began by saying that there will be a brief discussion of this docket, but it would not be an extensive overview of wind siting issues and net metering. The Council has statutory authority to intervene in PUC dockets so the EERMC can either chose to intervene or not. He than introduced Attorney Seth Handy who is representing Portsmouth & the Washington Co. Regional Planning Council (WCRPC) in this docket.

Docket-10-126 was set into motion by a letter from Benjamin Riggs, who objected to the rate NGrid was paying the Town of Portsmouth for the electricity generated at their wind turbine located on the grounds of the high school. The question is whether Portsmouth is net metering because it is in front of the meter, and the site is not consuming any of the energy. Does this make it a Qualifying Facility (QF), that is subject to federal FERC and PURPA regulation, and is the rate excessive and above avoided cost. The other issue is

retroactivity.

Seth H. said the rate should be upheld because it is consistent with RI law and it was a rate negotiated in good faith. He said the rate was consistent with federal law which allows for a negotiated agreement. He also cited recent California guidance on avoided cost saying that it could be defined by different source categories so it not just comparison to the standard offer. He will also argue that Portsmouth relied on existing law and the time to challenge the rate was earlier and it should not impact Portsmouth.

The impact of this docket has been significant. It has put a chill on municipal wind projects and it impacts Jamestown, and towns represented by the WCRPC. The wind turbine allows Portsmouth to save \$259,000 on its energy budget and it covers 75% of its demand. They contend that it prevents 4.5 million pounds of CO2 release annually. Changing the rate would cause an estimated loss of \$1.2M to Portsmouth over the 20 year live of the contract.

Seth had three requests of the Council:

- Support Portsmouth & the WCRPC in this docket. There is a hearing scheduled for 4/7 but the towns are asking for a continuance. There is disappointment in the 2/1 DPUC Advocacy Section memo supported the Riggs complaint.**
- Help and support in hiring some expertise to offer assistance in the docket.**

- Support legislative fixes for this problem; including allowing distributed generation projects to enter into long term contracting. There is also a proposal to form a RE Council similar to the EERMC.

Citing system reliability (SR) as an EERMC statutory charge, Paul R. asked NGrid if the turbine improves SR, especially on Aquidneck. Tom T. said he was not sure but he will get an answer for the April meeting. Chris P. wanted to know if the turbine supported LCP cost effectively. Tom T. wanted to clarify that this docket was before the DPUC not the PUC and the question is does the Qualifying Facility (QF) tariff rate apply or does the net metering rate apply. The DPUC Advocacy Section filed a memo that, considering the configuration of the turbine, they feel that the QF rate applies. Tom T. does not feel the DPUC will go beyond the issue of tariff rates in this docket.

Paul R. said that as an issue for the council it is very complicated and there is a need for further analysis on SR and rate impact before making a decision. He would like to put it on the agenda for April so the council can balance its statutory charges on the issue.

Dan J. said that he does not think the council is ever going to be in a position to take a stand on this issue. He does not think the Council should step in. Abigail A. agreed that more research is needed and to address it again in April. Marion G. said that it gets at the intersection of RE & EE which the state is grappling with. Jeremy N. said that NGrid will get answers on the effect on SR. Chris P. said the key is what this means for the ratepayers.

Annual Report (AR) Update

The AR needs to be electronically filed by 4/15. VEIC is working on the design and graphics with the help of NGrid and have offered to do the production. Draft policy recommendations are also being worked on. Abigail A. said that the Council needed to authorize VEIC to work on the AR. Jeremy N. said it would be authorized work under the work plan. Paul R. felt that the AR should go out to all the legislators, and their key staff, and the municipal planning offices. Having a forum to distribute the report to the public was also suggested.

Paul R. offered a motion to authorize VEIC to compile & edit a draft of the AR for the April meeting. It was seconded by Joe N. and passed unanimously.

Abigail A. brought member's attention to the AR policy recommendations memo contained in the briefing package (attached). Jeremy asked when the Council will endorse the AR. He suggested a deadline for offering recommendations. Paul R. asked why PACE was included as a recommendation. Joe C. suggested a program to get EE light bulbs into all RI homes. Joe N. recommended recognizing the structural challenges the Council is up against in serving the low income community.

VEIC Monthly Update

A monthly report is attached. VEIC worked with NGrid on SR Standards. They will participate in the technical session on 3/15. Mike G. has been working with the DSM Collaborative. They also prepared a low income report. Marion G. asked if these VEIC reports will be going on to the website. OER will get that done by the next meeting.

Energy Wise MOU

Mike G. and NGrid's Brian Kearney worked on this MOU. Paul asked if the council had to vote on this today. Abigail said the idea was to go over the draft MOU (attached) and form a sub-committee that will work with NGrid to negotiate an extension of the current vendor terms. There will be a transitional period and the new program would go into effect on 1/1/12. It will move more toward a market model with empowerment of the contractor network. Right now RISE does almost all of the auditing & EE work.

Paul R. wanted to know what the EERMC's legal role is in the selection of vendors. Abigail A. said the objective is to get more savings at the initial point of contact with the audit and expand the contractor network. On a recommendation from Chris P. a motion to endorse was discussed

Joe N. said it looked like during the interim period the 15 certified

contractors will be serving as sub-contracts to RISE despite the factor they are competitors of RISE. He felt it was discouraging to the other 15. Dan J. agreed with Joe N. Chris P. felt this is a way for RISE to make more money. Joe N. said the contractors want to do more work for NGrid and less for RISE. Rachel H. said that the reason the MOU was delayed to 2012 was to improve it. She said it has been a difficult balancing act. Mike G. said this MOU is a way to have contractors working after ARRA runs out.

A motion was made by Marion G. to endorse the guidelines contained in the MOU as guidelines but not endorsing the execution of the MOU.

NEW BUSINESS

NGrid's RGGI Report

NGrid has e-mailed each member a copy of the RGGI report that was due on 3/1. Rachel H. said that members should e-mail any comments to her. The report said that NGrid has received the funding and it is spending it according to the plan reviewed by the Council and OER. The deep retro-fits that are the next agenda item were funded by RGGI.

NGrid Report on RGGI Funded Deep Retrofit Program

Dave Legg of NGrid was introduced to give a power point (attached)

on this new initiative. This program has been running in Massachusetts for some time and with 40% RGGI funding is expanding into RI. The budget is \$260,000. The goal is to help foster energy independence through deep reductions via durable long life measures. They plan to do 3-6 projects in a 15 month time frame. Lack of creative transferable financing, combined with the down economy are the main market barriers.

The first RI project is in No. Kingstown. NGrid is covering 75% of costs up to \$55,000 for a whole house super-insulation package. You can get very dramatic air leak reductions in excess of 95%. You need to pay attention to the intersection of the insulation and to manage exterior water.

Joe C. asked Dave L. if he has discussed this program with George Whalen, the Executive Director of the RI Contractors Board. He wondered how you qualify these contractors. With these high prices you may get scams. Dave L. said he would contact George. Chris P. commented that he was concerned about do it yourself types who buy material from Home Depot and do it themselves.

Paul R. asked for a motion to adjourn, it was made by Joe C. seconded by Chris P. and passed unanimously. The meeting adjourned at 6:15 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore